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Attorney General's office joins multistate review of bank foreclosure practices

Wilmington – Attorney General Beau Biden announced that his office is participating in a coordinated national effort by state Attorneys General and state mortgage regulators to investigate the foreclosure review and verification procedures used by the mortgage servicing industry. Officials from 50 states have joined together to review allegations that affidavits or other documents used in foreclosure proceedings were improperly submitted as well as other issues regarding irregularities or abuses by mortgage lenders and loan servicers. Last week, Biden urged Bank of America, JP Morgan Chase, and Ally Financial to suspend foreclosure proceedings while they review their foreclosure procedures and announced that his office is reviewing the banks' foreclosure practices. Bank of America responded two days later by halting foreclosure proceedings in all 50 states.

"Democratic and Republican Attorneys General from all over the country share the same concern: making sure banks have accurate documentation before foreclosing on families," Biden said. "Just as homeowners have an obligation to pay their mortgages, lenders also have an obligation to follow the rules when they foreclose on a homeowner's property. We're working as quickly as possible to ensure that banks follow our laws and regulations so that Delawareans facing foreclosure benefit from the legal protections they deserve."

The Mortgage Foreclosure Multistate Group, comprised of 50 state attorneys general and state banking and mortgage regulators in 30 states, will look into whether individual mortgage servicers have improperly submitted documents in support of foreclosures. Its initial objectives include:

- Put an immediate stop to improper mortgage foreclosure practices.
- Review past and present practices by mortgage servicers subject to the inquiry.
- Evaluate potential remedies for past practices and to deter future improper practices.
- Establish a mechanism for more effective independent monitoring of future mortgage foreclosure practices.

The multistate group will contact a comprehensive list of individual mortgage servicers and will consult with federal regulators and agencies, including the Mortgage Fraud Working Group of the Financial Fraud Enforcement Task Force (FFETF), which was created in 2009.

The Mortgage Foreclosure Multistate Group released the following joint statement announcing its review:

“It has recently come to light that a number of mortgage loan servicers have submitted affidavits or signed other documents in support of either a judicial or non-judicial foreclosure that appear to have procedural defects. In particular, it appears affidavits and other documents have been signed by persons who did not have personal knowledge of the facts asserted in the documents. In addition, it appears that many affidavits were signed outside of the presence of a notary public, contrary to state law. This process of signing documents without confirming their accuracy has come to be known as “robo-signing.” We believe such a process may constitute a deceptive act and/or an unfair practice or otherwise violate state laws.

In order to handle this issue in the most efficient and consistent manner possible, the states have formed a bi-partisan multistate group to address issues common to a large number of states. The group is comprised of both state Attorneys General and the state bank and mortgage regulators. All 50 state Attorneys General have joined this coordinated multistate effort. State bank and mortgage regulators are participating both individually and through their Multistate Mortgage Committee, which represents mortgage regulators from all 50 states. Through this process, the states will attempt to speak with one voice to the greatest extent possible.

Our multistate group has begun inquiring whether or not individual mortgage servicers have improperly submitted affidavits or other documents in support of a foreclosure in our states. The facts uncovered in our review will dictate the scope of our inquiry. The Executive Committee is comprised of the following Attorneys General Offices: Arizona, California, Colorado, Connecticut, Florida, Illinois, Iowa, North Carolina, Ohio, Texas, and Washington; and the following state banking regulators: the Maryland Office of the Commissioner of Financial Regulation and the New York State Banking Department.”

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